



Press Release

30.07.2024

Directorate of Enforcement (ED), Hyderabad filed a Prosecution Complaint (PC) before the Hon'ble Special Court (PMLA), Visakhapatnam on 27.03.2024 under the Prevention of Money Laundering Act (PMLA), 2002 in a bank fraud case against M Pratap Reddy and N Srinivasulu, Manager, Canara Bank, Prodattur Branch, Andhra Pradesh. The Hon'ble Court has taken cognizance of the PC.

ED initiated investigation on the basis of FIR registered by CBI, Hyderabad under various sections of IPC, 1860 and Prevention of Corruption Act, 1988 against M Pratap Reddy and others for availing produce loans in the names of various farmers by forging/fabricating their documents without their knowledge. N Srinivasulu, the then Branch Manager, Canara Bank, Proddatur Branch facilitated in availing the loans by using fraudulent methods.

ED investigation revealed that M Pratap Reddy, proprietor of M/s Soami Warehouse, provided warehouse facility to farmers to stock their produce. He fraudulently collected land papers, identity proof etc. from the farmers and used the same to avail produce loan in their names by issuing fake warehouse receipts and thereafter siphoned off public money in collusion with N Srinivasulu. With the help of the Bank Manager, he fabricated documents in the names of fake borrowers, forged their signatures and issued bogus warehouse receipts without storing any agriculture produce in his warehouse. In connivance with the Bank Manager, M Pratap Reddy also opened saving bank accounts in the names of farmers on the strength of forged documents and signatures. After sanction of the produce loans, the loan amounts used to be withdrawn by M Pratap Reddy in the form of cash by forging the signatures of the borrowers with the knowledge of N Srinivasulu.

M. Pratap Reddy issued warehouse receipts in the names of different persons and availed 76 loans in their names. Out of the 76 loans, stocks were not present in his warehouse in the case of 59 loans. Thereafter, these 59 loans became Non-Performing Assets. The total financial loss caused to the bank was Rs. 5.73 Crore. The bank entered into an OTS (one time settlement) agreement with M Pratap Reddy as per which he paid Rs. 4.50 Core towards clearance of bank's outstanding and an amount of Rs. 1.23 Core was written-off by the bank.

ED investigation further revealed that in return for assistance provided by N Srinivasulu, the then branch Manager of Canara Bank in the fraudulent activities, M Pratap Reddy paid gratification to the extent of Rs. 30 Lakh by way of cash to N Srinivasulu.

Earlier during investigation, properties of M Pratap Reddy worth Rs. 1.23 Crore and N Srinivasulu worth Rs. 30 Crore were provisionally attached by ED.